Shortage of Currency Notes

*322. SHRI K.M. KHAN: Will the Minister of FINANCE to pleased to state:

(a) whether circulation of small currency Bhutanese notes from rupee one to Rs. ten has been reported in some States;

(b) if so, the details thereof;

(c) whether such circulation of foreign currency is mainly due to non-availability of Indian currency notes in the markets of these States;

(d) whether Government proposed to take some urgent steps to check circulation of foreign currency in these States and ensure availability of Indian currency in all denominations; and

(e) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) and (b) As reported by Enforcement Directorate, there has been no case of recovery/ seizure of Bhutanese Currency by their offices during the last two years. However, the Reserve Bank of India has received some reports of circulation of Bhutanese currency in the denomination of Re. 1, Rs. 2 and Rs. 5 in Jalpaiguri, Siliguri and Coochbehar districts of West Bengal. The RBI is supplying sufficient quantities of coins of these denominations to the above districts.

(c) No Sir.

(d) and (e) Adequate provision already exists in the Foreign Exchange Regulation Act, 1973 (FERA) for effectively checking circulation of any foreign currency in the country.

With regard to availability of our notes of Re. 1, Rs. 2 and Rs. 5, it may be stated that these notes have since been coinised, and their printing stopped (Re. 1 from September 1994, Rs. 2 — from January 1995 and Rs. 5 from November 1995). Action has been initiated for stepping up supply of Coins of these denominations.

The existing Note Printing Presses are able to meet only about 38% of RBI's demand for fresh notes. Hence, there is an overall shortage of fresh notes in the country. With a view to improving supply of notes/coins, Government has taken various steps like — (i) modernisation of the existing two note printing presses at Nashik and Dewas; (ii) setting up of two more note printing Presses under RBI control (i.e., one at Mysore in Karnataka and the other at Salboni in West Bengal); (iii) modernisation of India Government Mints at Calcutta, Hyderbad and Mumbai; (iv) complete coinisation of Re. 1, Rs. 2 and Rs. 5 and diversion of the capacity so released for printing of higher denomination of notes; (v) an incentive scheme has been introduced in Noida Mint; (vi) all the four Mints have been put up on 54 hours of weekly working, instead of 48 hrs., since 1st May 1998; (vii) import of printed notes to the extent of 3600 Million pieces (of a total face value of Rs. 1,00,000 crores) as a one time measure and 2000 Million pieces of coins (of a total value of Rs. 260 crores); and (viii) Government has also decided to introduce the Rs. 1000/- note, which will greatly relieve the pressure on lower denomination notes

Implementation of Acharya Panel Report

*323. SHRI VIJAY J. DARDA: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news report which appeared in the Hindustan Times dated the 5th September, 1998, under the caption "RBI for implementation of Acharya Panel Proposal";

(b) if so, the details of Government's reaction to the observations made in the report; and

(c) the details of the action taken/ proposed to be taken in the matter?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) to (c) An informal group on Primary market